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**U.S. Department of Education  
Office of Student Financial Assistance**

**A REPORT FROM THE  
CUSTOMER SERVICE TASK FORCE**

# **Reinventing Service**

**July 1, 1999**

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UNITED STATES DEPARTMENT OF EDUCATION  
THE SECRETARY

June 1999

I am pleased to accept from the Office of Student Financial Assistance (OSFA) *A Report From The Customer Service Task Force: Reinventing Service*. I am pleased because this report is about government that listens to people and takes their concerns seriously. To compile this report, OSFA's Customer Service Task Force conducted over 200 public "listening" sessions and considered over 8,000 comments and suggestions. OSFA's approach to this project exemplifies what the Administration and I had hoped for when OSFA was formed as the nation's first Performance-Based Organization (PBO).

I am also pleased because this report includes important recommendations on how government can provide better service to customers and manage money more effectively. I look forward to OSFA's implementation of those operational recommendations that will make the delivery of student financial aid faster and easier, while simultaneously assuring appropriate safeguards to the system.

*Reinventing Service* also outlines recommendations that would require changes in law, regulation, or policy that govern the federal student financial aid programs. I am committed to a thorough review of these recommendations to determine which of them should be pursued by the Department of Education.

Of course, proposing to do things better takes nothing away from our significant accomplishments of the last several years. For the first time in history, every American who works hard to make the grade can go to college. Millions of Americans are realizing their educational goals with Federal grants and loans. The taxpayers are also being better served with new safeguards and tough enforcement against defaults on student loans and misuse of Federal financial aid.

In the next decade, many more Americans will be seeking a higher education and turning to the Department of Education for the financial aid they need to obtain it. We are committed to providing them with a student aid process that is a model of efficiency and customer service.

Yours sincerely,

A handwritten signature in blue ink that reads "Dick Riley".

Richard W. Riley



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF STUDENT FINANCIAL ASSISTANCE

July 1, 1999

To the Reader,

I am pleased to present to you *Reinventing Service*, the final report of the Office of Student Financial Assistance (OSFA) Customer Service Task Force. The recommendations in this report are solidly based on over 8,000 comments from OSFA's customers, partners, and employees – comments collected by the task force through the Internet and in 200 face-to-face "listening sessions" held across the country – comments describing what works well in the current system, and what doesn't. The report details our customers' and partners' ideas on how to transform OSFA into a Performance-Based Organization (PBO) and fulfill the mandate of Congress to improve service to students and cut the overall cost of financial assistance. Our job is to help put America through school, and this report will have us doing it equal to the best in business.

This is a framework for creating a new customer focus at OSFA. Some of our ideas involve operational improvement; I intend to get started on these right away. Others would require regulatory, legislative, or other policy changes and I have forwarded these ideas to the Secretary for his consideration. I will also draw on these ideas in my annual report to Congress, which the law requires that I prepare and submit to the Secretary and that must include recommendations for legislative and regulatory changes to improve service to students and their families, and to improve program efficiency and integrity.

The report complements our other major initiatives. Our System Modernization Blueprint, which will be finished in September, will dramatically improve service and efficiency. OSFA reorganization, endorsed by the task force and already underway, aligns our business processes to serve our three customer and partner segments: students (the customers), schools, and financial institutions (partners). Our new acquisition strategy will put our support contractors on a performance basis, just like we are. And the new Student Loan Ombudsman will make sure that customer complaints get resolved quickly and properly.

My thanks go to the 48 OSFA employees and contractors who constituted the Customer Service Task Force and who produced this outstanding report – and a special thanks to Stephen Blair, their coach. Thanks to the rest of OSFA's employees who did all of today's work so the task force had time to envision the future. You all have changed America's student financial assistance forever.

Sincerely,



Greg Woods

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# Foreword

The Office of Student Financial Assistance (OSFA) Customer Service Task Force first met on February 17, 1999.

The U.S. Department of Education's (the Department's or ED's) legislative mandates include creating a Performance-Based Organization (PBO) dedicated to providing outstanding customer service while simplifying, integrating, and reducing the overall cost of administering the federal student financial assistance programs. To achieve these mandates, we had to understand what our customers (students) and our partners (schools and financial institutions) wanted and needed. "Listen, and be in the question," has been our mantra since our first meeting. Listening was the only way; we didn't assume anything.

The recommendations presented in this report are based upon the expressed wants and needs of our customers (students), partners (schools and financial institutions), and employees. We conducted over 200 listening sessions across the country. We collected and analyzed more than 8,000 comments. These comments came from current and potential students, student borrowers, parents, high school counselors, and outreach organizations, including civic, church, and other mentoring groups. We also talked with postsecondary institutions, lenders, and loan guaranty, servicing, and collection agencies, as well as other stakeholders in federal student financial assistance programs. Finally, we talked with OSFA employees. In all cases, we asked three basic questions:

- ◆ What works?
- ◆ What doesn't work?
- ◆ What should we change?

Based on the feedback we received, we developed a set of bold and innovative recommendations. These recommenda-

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*The recommendations presented in this report are based upon the expressed wants and needs of our customers, partners, and employees.*

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tions are included in the report that follows. Most of these recommendations are operational, although others would require changes in statute, regulation, or Department policy. The task force has forwarded these latter recommendations to the Secretary for his consideration, consistent with OSFA's statutory responsibility to submit an annual report that identifies policy changes that would improve service to students and families and increase program efficiency and integrity. We present the recommendations by the following segments: students, schools, financial institutions, and OSFA employees.

We believe the recommendations in this report will support OSFA's transformation to service excellence, and are very excited about the challenges and opportunities that lie ahead. Many people have said that the concept of a PBO in government is long overdue. We agree. We are proud to be a part of the first.





# SECTION I

## Summary

Education beyond high school is practically a must for success in our economy. The Department of Education has helped millions of Americans get the schooling they need by awarding grants and making low-interest loans. In fact, for the first time in our history, every American who wants a higher education can afford one. Still, too many Americans give up on education because of money — they don't know that grants and loans exist.

The student aid delivery system is complicated. Grants and loans are delivered to students by thousands of school financial aid administrators who are regulated and monitored by the federal government. The administrators also arrange financial aid from state and private sources, assembling a total financial aid package for the student. Two-thirds of federal loans come from private lenders and are backed by state and national guaranty agencies, with the federal government as regulator and ultimate guarantor. The other third comes in the form of Federal Direct Loans. Overlaying the interactions of all the players is a complex variety of federal aid programs and eligibility requirements.

To reduce this complexity and cost of the aid delivery system, and to improve service to the students, Congress created a new kind of federal organization — a *Performance-Based Organization*. The PBO is free from much of government's red tape and is run by an experienced business executive directed to deliver better service and lower cost. The Secretary of Education immediately seized this opportunity and hired a chief operating officer who launched a Customer Service Task Force comprised of 48 frontline workers and managers, union representatives, and contract service providers to help transform the Office of Student Financial Assistance (OSFA) into a PBO.

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*To reduce the complexity and cost of the aid delivery system, and to improve service to the students, Congress created a new kind of federal organization — a Performance-Based Organization.*

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High Performing Organizations
Assume people will perform; seek to empower them
Are focused on a critical mission
Keep the customer happy
Performance is what matters
Environment that encourages learning; people take risks and learn from the results
People are different; fairness means treating people in a way which brings out their best
People are motivated through intrinsic rewards
Communication is two-way, both vertical and horizontal
Excel and get a little bit better every day
Seek win-win solutions to differences; use interest-based bargaining
Create their own future
Customers have choice
Measure and control results

Figure 1

These are the guiding principles for the OSFA PBO transformation.

The task force opened a line of communication to the world through the Internet and made it easy for students, financial aid professionals, and the general public to get in touch with us, whether for information, help, or to just let us know how they feel about the way OSFA does business. The Customer Service Task Force also conducted over 200 face-to-face listening sessions around the country, collecting nearly 8,000 ideas about what works well and what doesn't. The task force recommendations respond to voices

of students, school aid administrators, lenders and guarantors, and OSFA employees.

*“The fact that OSFA has conducted all these listening sessions is incredible. That is something that we have never done.”*

*– John Hilton, task force member*

The task force also looked at OSFA's current efforts and found many successes that OSFA can build upon on the way to becoming a PBO: free applications and information on the web, performance-based contracts, proactive quality assurance programs, and experimental sites. In addition, OSFA is testing new ways within the law to meet statutory and regulatory goals, including Institutional Improvement Specialists and case managers to help schools and their students succeed.

These efforts are similar to the practices of America's best-run businesses. Disney, FedEx, American Express, all of the companies that come to mind as among the best at

serving their customers, make their living finding out exactly what their customers want and then delivering it. Why, Disney even knows that their average customer is only willing to carry a candy wrapper 23 feet before throwing it on the ground. So, you are never farther than that from a trash can in Disney World. The task force did the same kind of analysis with OSFA's customer segments. They went out and listened to what OSFA customers want and then came up with ways for OSFA to deliver services the way the American public expects from a Disney or FedEx.

This report contains over 200 recommendations that share a clear goal: to help put America through school — and to do it like the best in business, with first-rate service and financial management. The report is organized according to segments. The task force organized itself to work in the same way. It is the best way to stay in touch and be responsive to the changing needs of customers and partners — it is the way the best in business do things.

## Highlights of the Actions

### ◆ *Provide service equal to the best in business*

- ❖ By September 2000, students will have toll-free, one-contact phone service, as well as 24x7 automated account information available.
- ❖ Even sooner, schools and our financial partners will be able to do it all with one call. By January 2000, every institution will have an account manager at OSFA, who will be part of a customer service team. These teams will have the resources to get questions answered and problems solved with one call.
- ❖ By early 2000, customers and partners alike will get PINs and on-line Internet access to accounts.
- ❖ By February 2000, students and parents will have access to a financial planner from the web that will help them weigh the cost and income potential of various career choices, and understand financing and payback options.

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*"The most powerful thing OSFA is learning from this experience is that we must listen to all of our customers. Listen not just to what they are saying, but to what they really want, and implement products and services to meet and exceed those needs."*

*– Joyce DeMoss  
task force member*

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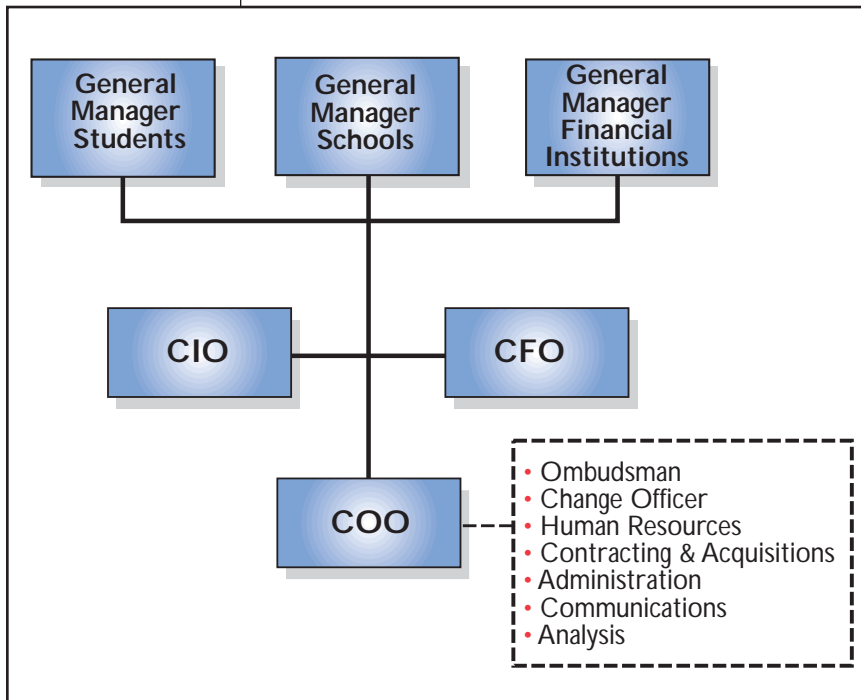
- ❖ By spring 2000, OSFA will simplify the electronic grant or loan eligibility renewal form (known as the Renewal FAFSA) to be like a pre-filled credit card application. If your income information hasn't changed — just sign and return it.

◆ *Collaborate with partners*

- ❖ OSFA will help schools and financial partners meet tailored performance goals. This builds on pilot efforts in OSFA that have helped reduce default rates to the lowest in history, and on reinvention success in other regulatory agencies.
- ❖ Much of the student aid application form duplicates income tax forms. In time for the 1999 tax season, OSFA will work with tax software companies so that the tax software can help you apply for student aid, too.
- ❖ The combined complexities of federal programs, financial management, and information technology call for lots of well-organized training. By October

Figure 2

As a PBO, OSFA will organize by customer and partner segments.



1999, OSFA will launch a collaborative effort with our partners to create a corporate-model “University” to make the necessary training available for OSFA employees and our business partners.

### ◆ ***Organize and manage like the best in business***

- ❖ By September 1999, OSFA will align its organization and business processes into channels to correspond with its customer and partner segments. This will help keep the channels of communication open to each of the segments so that we can continually tailor our services to fit their needs and they can continually evaluate our performance.
- ❖ Like FedEx, American Express, and other business leaders, OSFA will measure success with a balanced scorecard of customer satisfaction, employee satisfaction, and reduce unit costs of delivering aid to students.
- ❖ The best in business use complaints to good advantage. OSFA will copy best in business systematic methods of welcoming complaints so we can keep improving service. By statute, OSFA will have an ombudsman organization in action. This organization will be accountable for using the feedback to improve service.
- ❖ Finally, the Office of Student Financial Assistance needs a new name — one that preserves its best traditions of helping put America through school — but one that celebrates our new dedication to service, partnership, and financial responsibility.

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*“When the Customer Service Task Force began in February, our overall objective was to develop recommendations, that, if implemented, would forever change the way OSFA does business. Thanks to members of the task force for their dedication, hard work, and courage. You met this objective.”*

*– Dr. Joe McCormick  
task force member*

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*“When you are inspired by some great purpose, some extraordinary project, all your thoughts break their bonds: Your mind transcends limitations, Your consciousness expands in every direction, and you find yourself in a new, great and wonderful world. Dormant forces, faculties and talents become alive, and you discover yourself to be a greater person by far than you ever dreamed yourself to be.”*

*— Patanjali*

*“I have had the privilege to see Patanjali’s words come to life with the 48 diverse souls that made up the Customer Service Task Force. Their courage and incredible commitment to the people of this country confirms the honor, dignity, and contributions that are made by committed people ‘in service to the public’.”*

*— Stephen J. Blair*

*Coach, Customer Service Task Force*

Sections II – VI tell you how OSFA will become a PBO. Throughout the sections you will notice reference numbers. These refer to the detailed recommendations in Appendix A.